

National Trends in Health Coverage

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Kaiser Family Foundation

for the

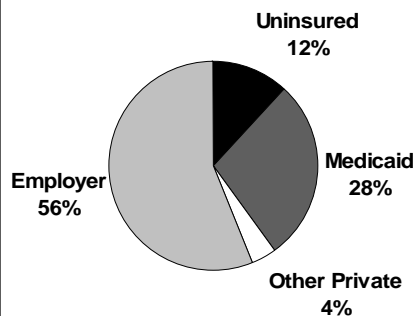
Kansas Health Policy Advisory Board Retreat
February 17, 2006

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Medicaid and the Uninsured

Figure 1

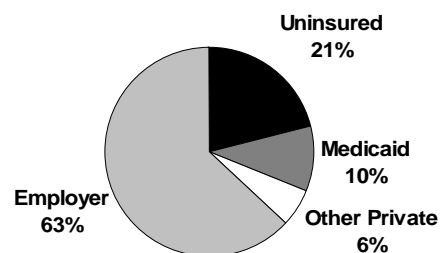
Health Insurance Coverage of Children and Nonelderly Adults, 2004

Children



Total: 77.8 million

Adults under 65



Total: 177.3 million

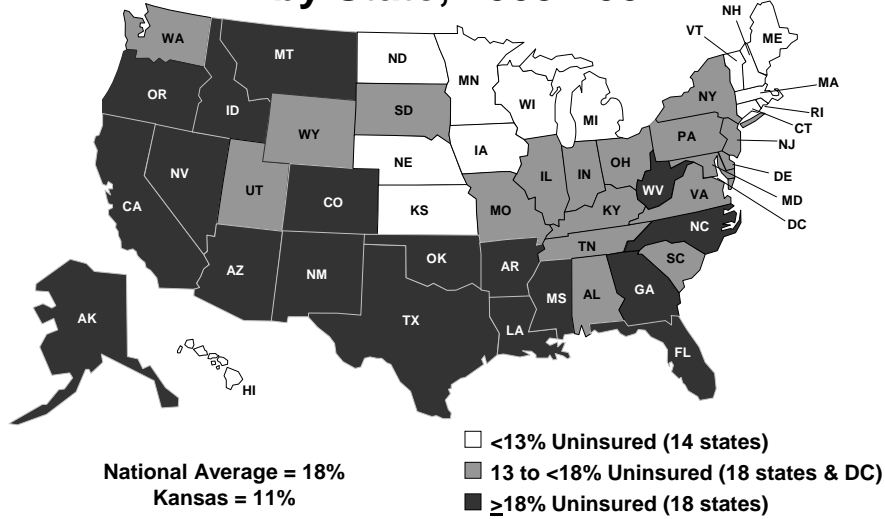
Note: Medicaid also includes S-CHIP, other state programs, Medicare, and military-related coverage.

SOURCE: KCMU and Urban Institute estimates based on March 2005 Current Population Survey.

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Figure 2

Uninsured Rates Among the Nonelderly by State, 2003-2004

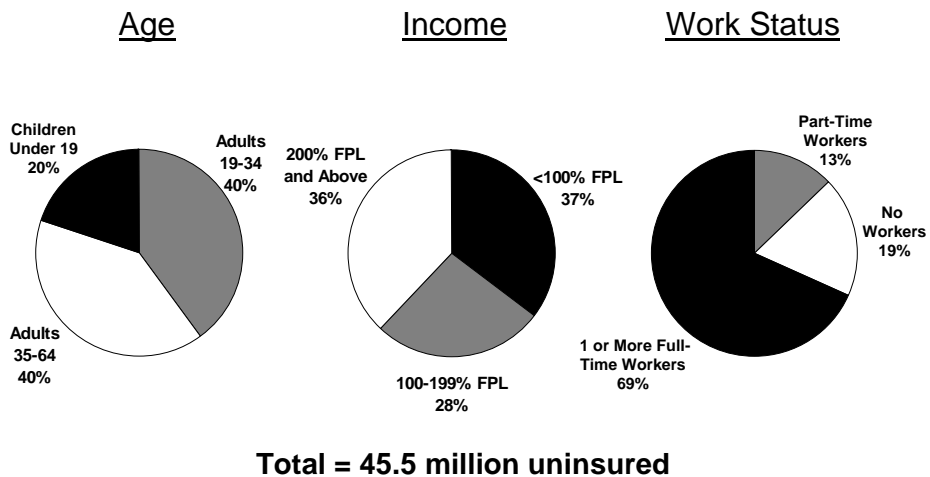


SOURCE: KCMU and Urban Institute analysis of the March Current Population Survey, 2004 and 2005, two-year pooled data.

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Figure 3

Characteristics of the Uninsured, 2004



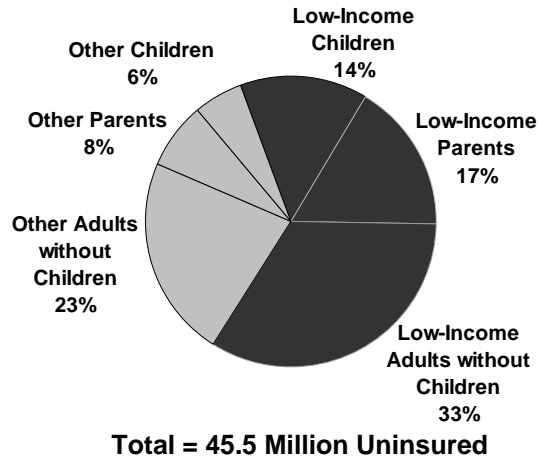
Note: The federal poverty level was \$19,307 for a family of four in 2004.

SOURCE: KCMU and Urban Institute analysis of the March 2005 Current Population Survey.

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Figure 4

Non-Elderly Uninsured, by Age and Income Groups, 2004



NOTES: Low-income is <200% of the federal poverty level (\$30,134 for family of three in 2004). Parents of dependent children under age 19. Adults without children also include parents whose children are no longer dependent.

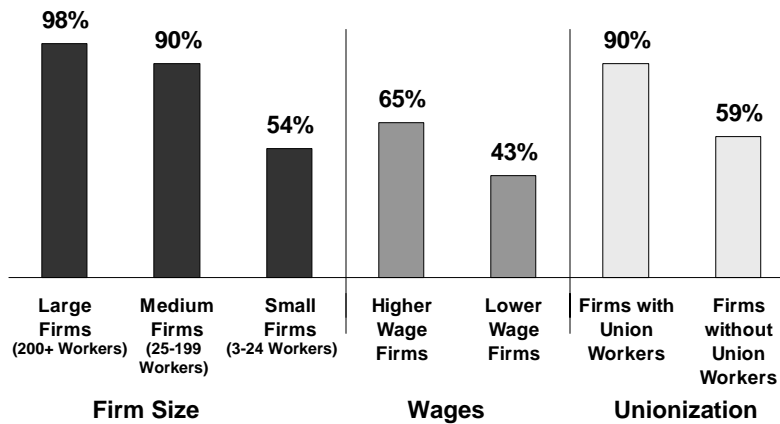
SOURCE: Health Insurance Coverage in America, 2004 Data Update, KCMU.

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Figure 5

Health Insurance Offer Rates by Firm Characteristics, 2005

Percent of firms offering health benefits:

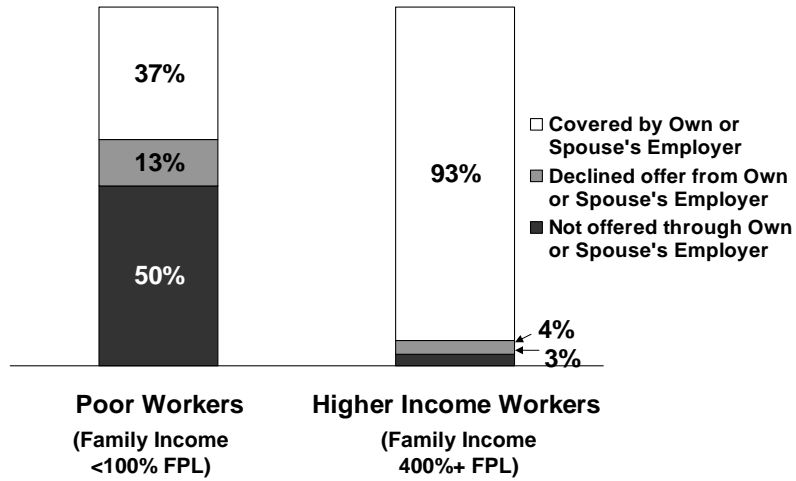


SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

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Figure 6

Access to Employer-Based Coverage by Family Income, 2001

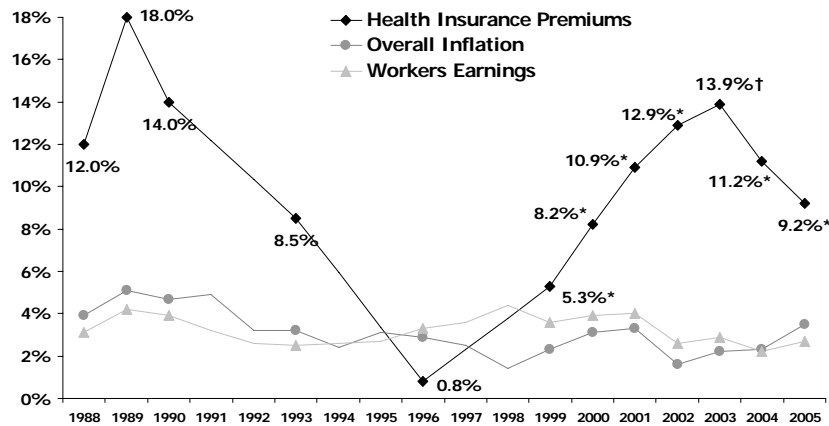


SOURCE: Garrett B. *Employer-Sponsored Health Insurance Coverage: Sponsorship, Eligibility, and Participation Patterns in 2001*. KCMU report. July 2004.

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Figure 7

Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2005



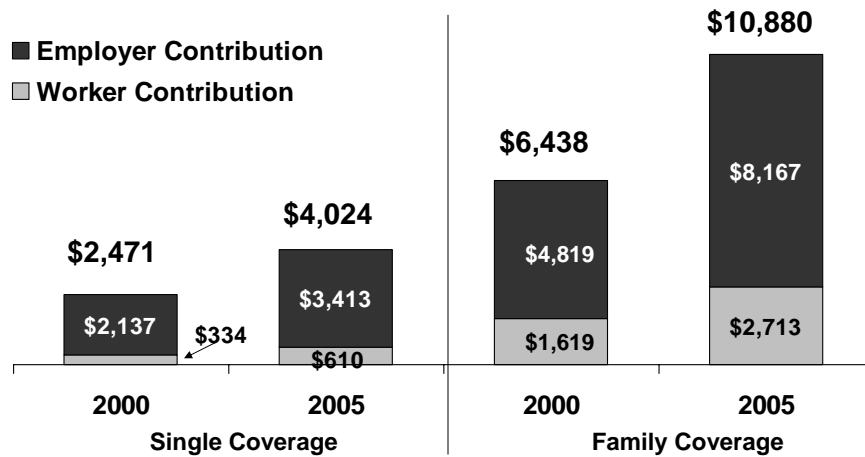
* Estimate is statistically different from the previous year shown at $p < 0.05$. † Estimate is statistically different from the previous year shown at $p < 0.1$. Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

SOURCE: KFF/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; HIAA, 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index (U.S. City Average of Annual Inflation, 1988-2005; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1988-2005.

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Figure 8

Average Annual Premium Costs for Covered Workers, 2000 and 2005

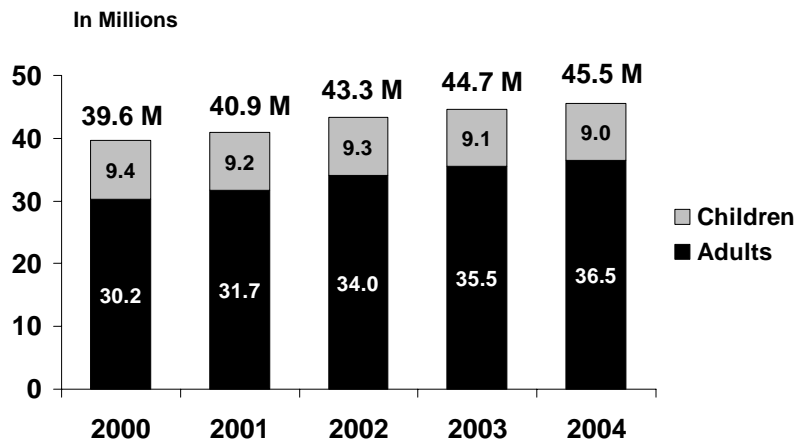


Note: Family coverage is defined as health coverage for a family of four.
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

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Figure 9

Number of Uninsured Children and Adults, 2000 - 2004



Note: Sums may not equal totals due to rounding.
SOURCE: KCMU and Urban Institute estimates based on the March Current Population Surveys, 2001-2005.

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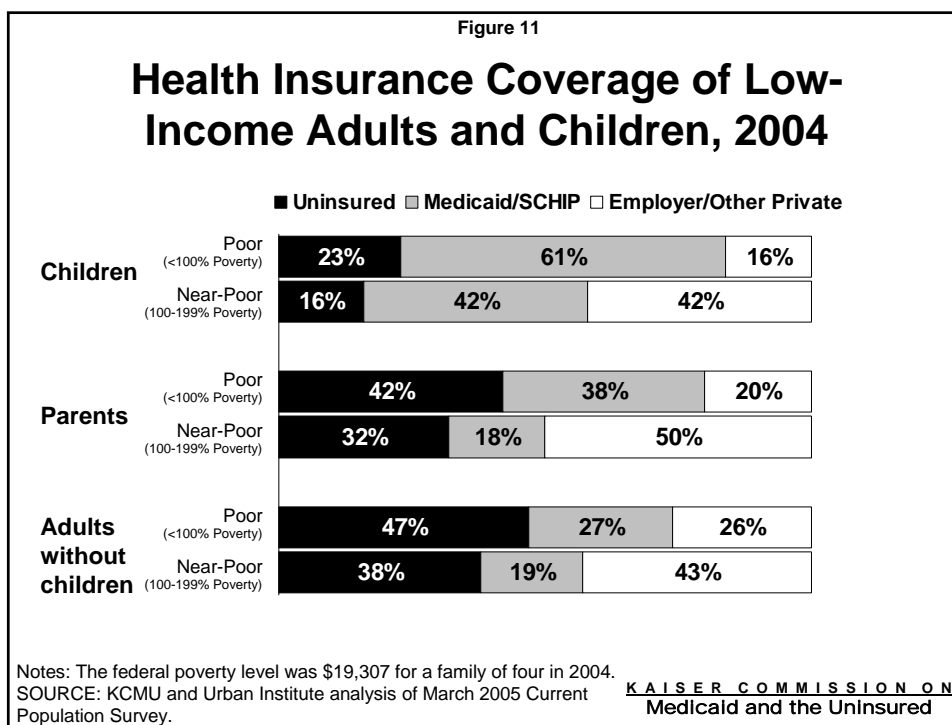
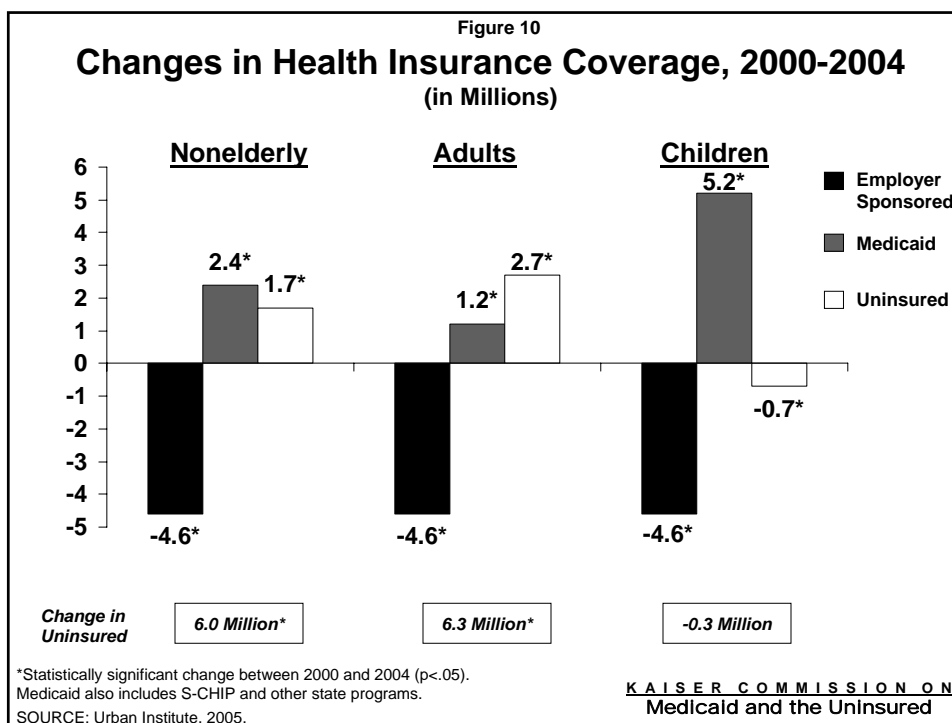
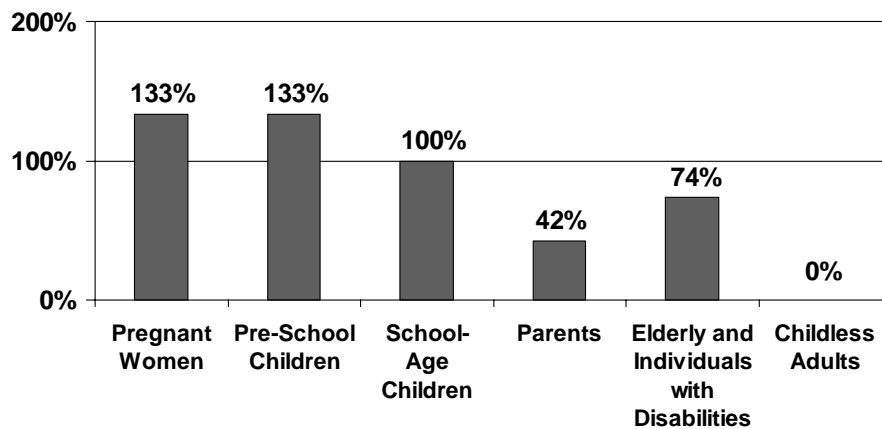


Figure 12

Minimum Medicaid Eligibility Levels, 2005

Income eligibility levels as a percent of the Federal Poverty Level:



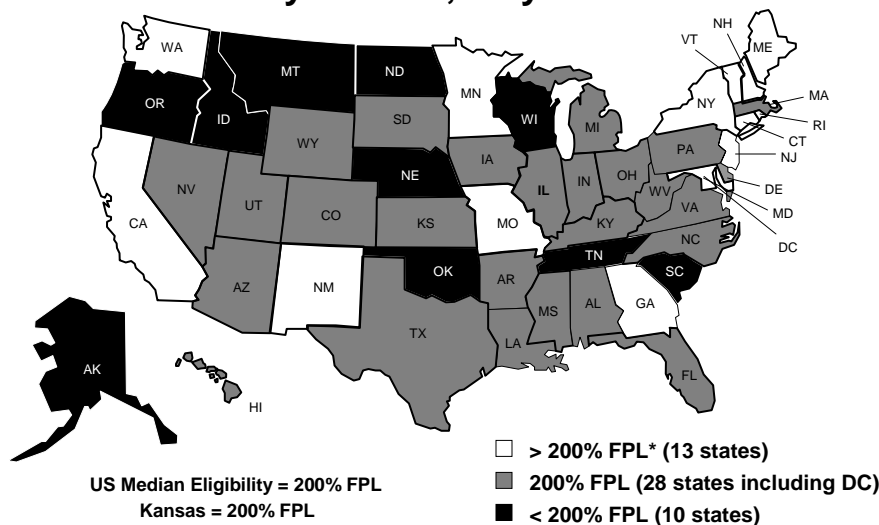
Note: The federal poverty level was \$9,750 for a single person and \$16,090 for a family of three in 2005.

SOURCE: Cohen Ross and Cox, 2005 and KCMU, Medicaid Resource Book, 2002.

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Figure 13

Children's Eligibility for Medicaid/SCHIP by Income, July 2005



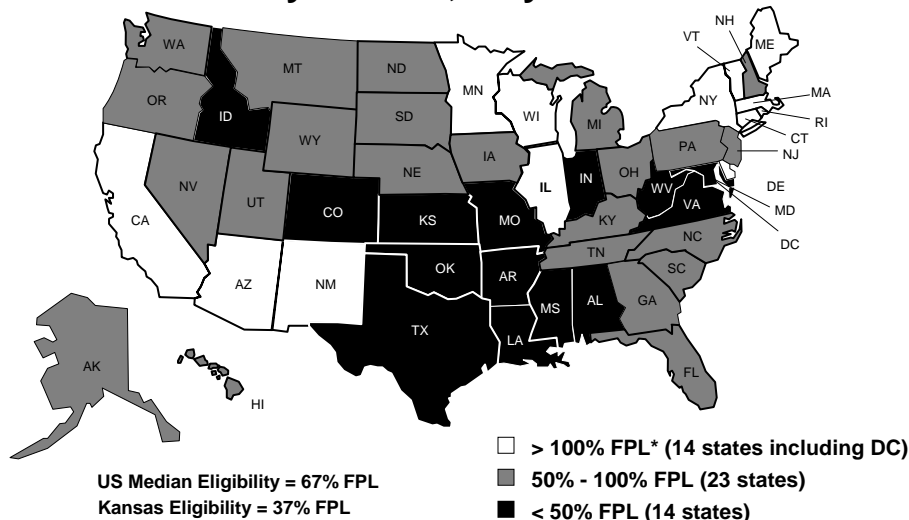
* Federal Poverty Level (FPL) refers here to HHS Poverty Guidelines, \$16,090 for a family of three in 2005.

SOURCE: Center on Budget and Policy Priorities for KCMU, 2005

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Figure 14

Medicaid Eligibility for Working Parents, by Income, July 2005

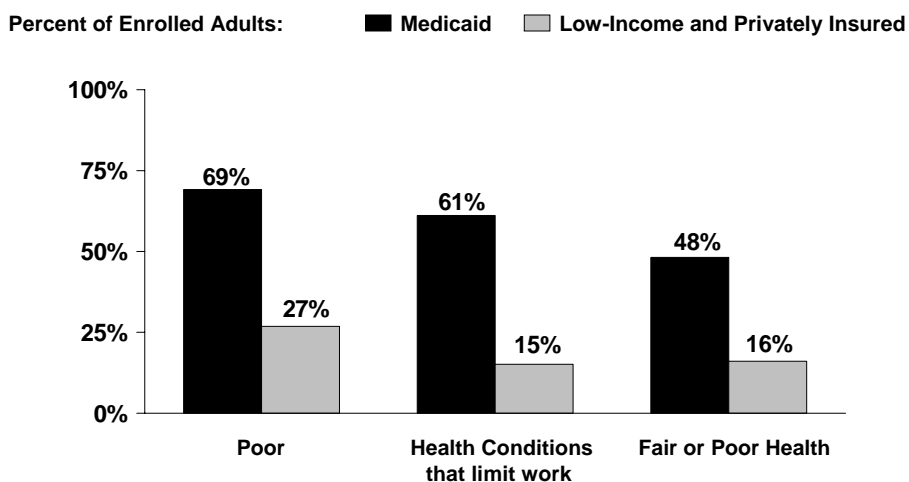


* Federal Poverty Level (FPL) refers here to HHS Poverty Guidelines, \$16,090 for a family of three in 2005.
SOURCE: Center on Budget and Policy Priorities for KCMU, 2005

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Figure 15

Medicaid Enrollees are Poorer and Sicker Than The Low-Income Privately Insured Population



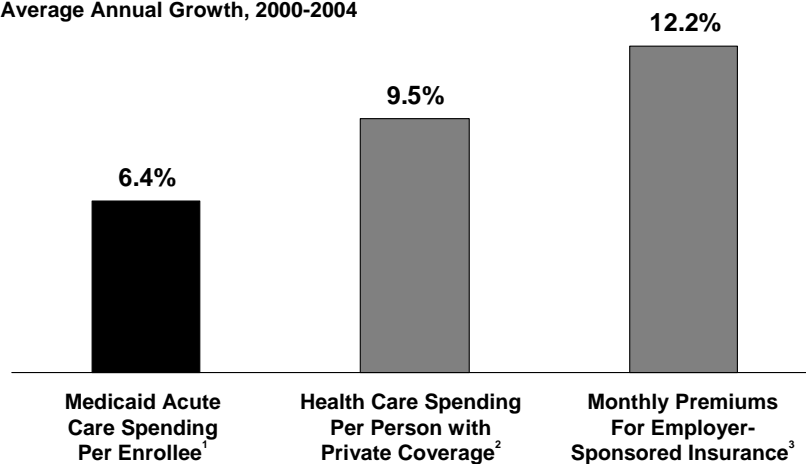
SOURCE: Coughlin et. al, 2004 based on a 2002 NSAF analysis for KCMU.

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Figure 16

Growth in Medicaid Acute Care Spending vs. Private Health Spending, 2000-2004

Average Annual Growth, 2000-2004



¹ Medicaid data from Holahan and Cohen (forthcoming, 2006), based on Urban Institute analysis of CMS 64.

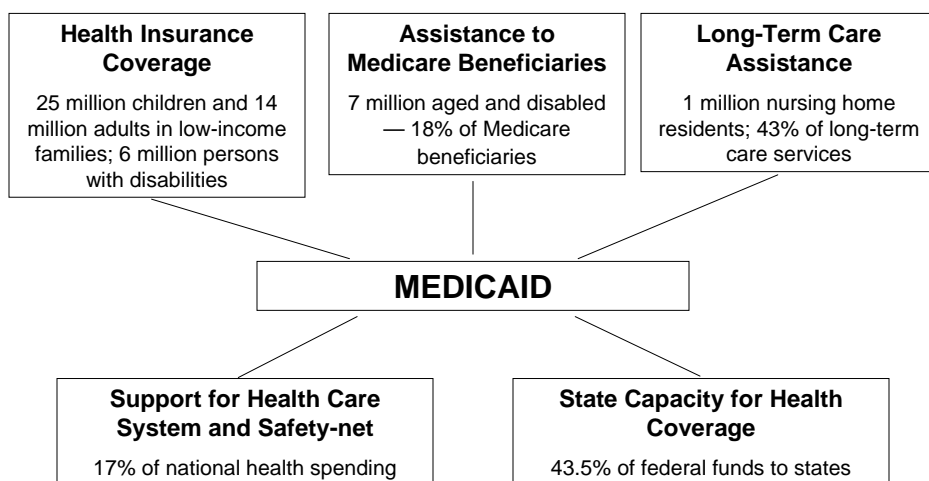
² Strunk et al, "Tracking Health Care Costs: Declining Growth Trend Pauses in 2004," *Health Affairs*, June 2005.

³ Kaiser/HRET *Employer Health Benefits Annual Survey*, 1999-2005.

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Figure 17

Medicaid Today



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Figure 18

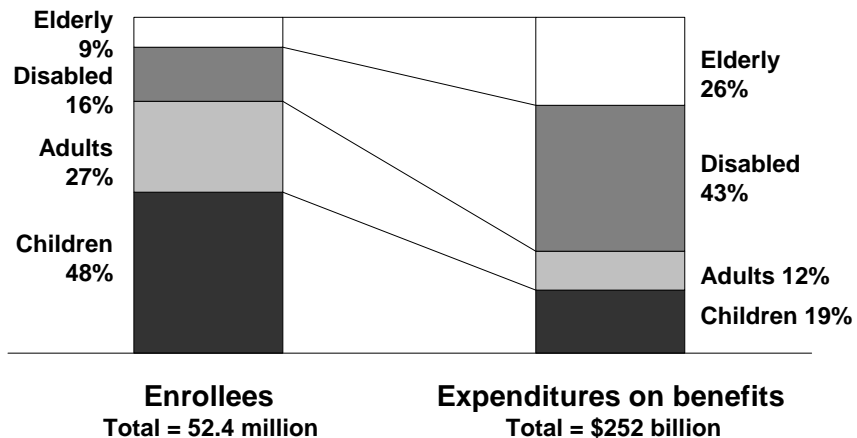
Pressures on Medicaid

- No private sector alternative to health insurance for the poor
- No insurance market for high-cost, chronically ill or disabled individuals
- No alternative to supplement Medicare for 6 million dually eligible beneficiaries
- No effective market for financing long-term care
- Inadequate financing for safety net
- Rising health care costs

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Figure 19

Medicaid Enrollees and Expenditures by Enrollment Group, 2003

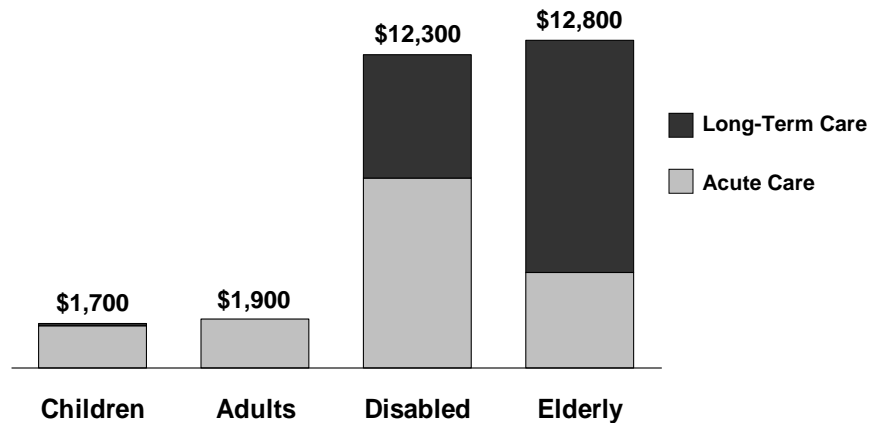


Note: Total expenditures on benefits excludes DSH payments.
SOURCE: Kaiser Commission on Medicaid and the Uninsured estimates based on CMS, CBO, and OMB data, 2004.

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Figure 20

Medicaid Payments Per Enrollee by Acute and Long-Term Care, 2003

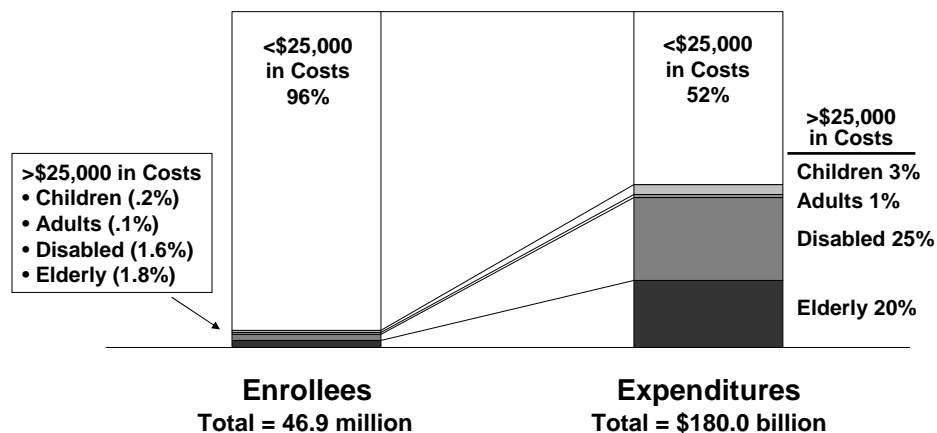


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SOURCE: KCMU estimates based on CBO and Urban Institute data, 2004.

Figure 21

4 Percent of Medicaid Population Accounted for 48% of Expenditures in 2001

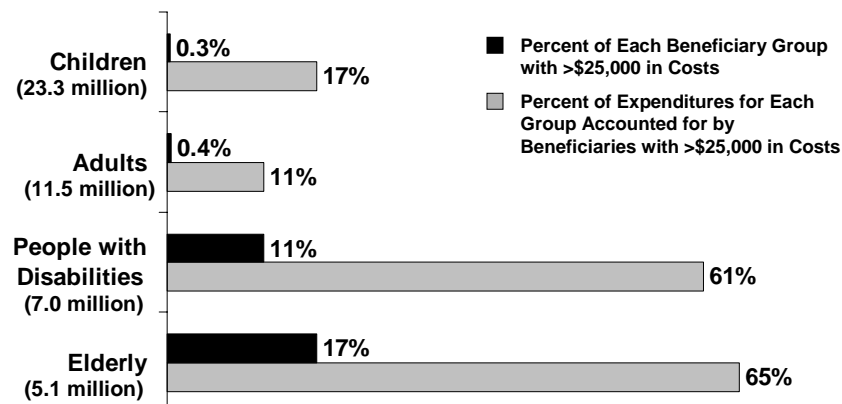


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SOURCE: Urban Institute estimates based on MSIS 2001 data.

Figure 22

High Cost Beneficiaries Account for Large Share of Expenditures Among Groups



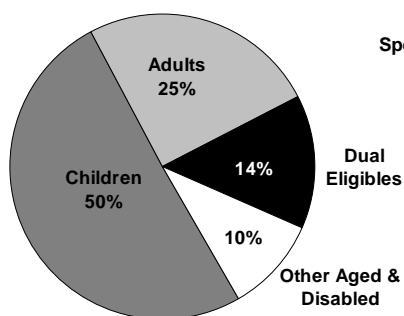
SOURCE: Urban Institute estimates based on MSIS 2001 data.

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Figure 23

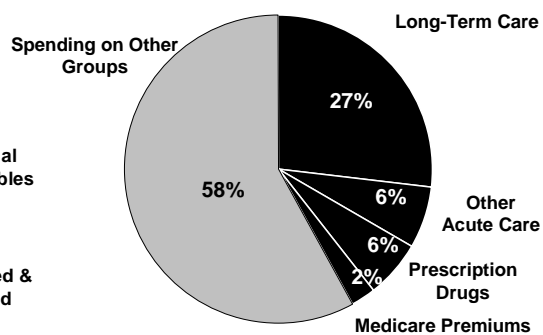
Medicaid Dual Eligibles: Enrollment and Spending

Medicaid Enrollment



Total = 51 Million

Medicaid Spending



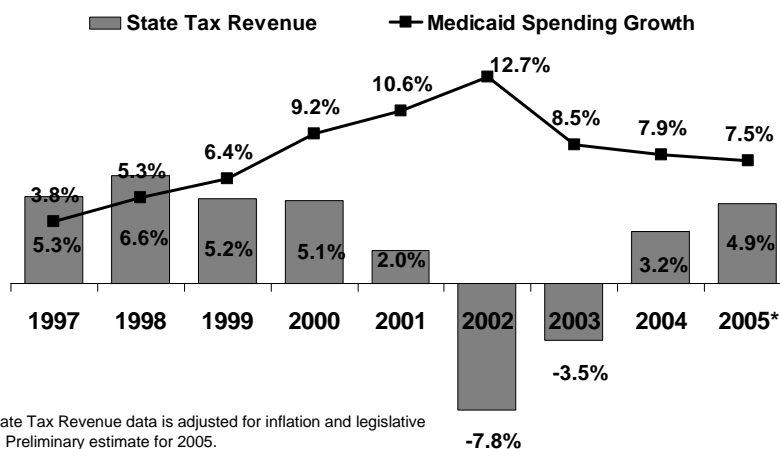
Spending on Benefits = \$232.8 Billion
(42% on Duals)

SOURCE: KCMU estimates based on CMS data and Urban Institute analysis of data from MSIS.

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Figure 24

Underlying Growth in State Tax Revenue Compared with Average Medicaid Spending Growth, 1997-2005



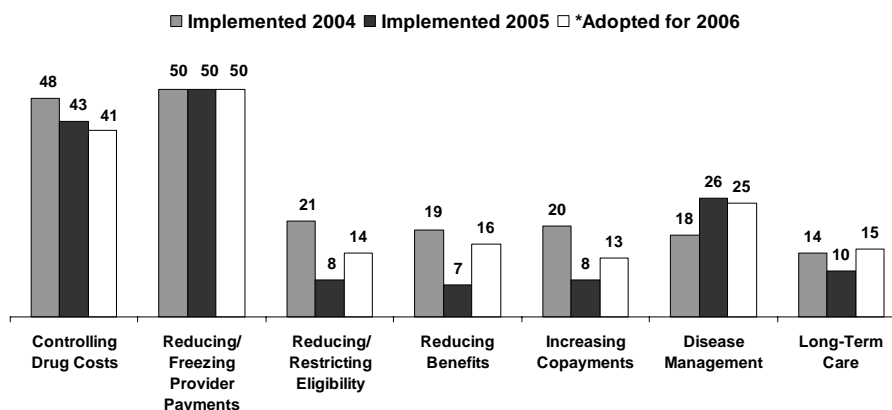
NOTE: State Tax Revenue data is adjusted for inflation and legislative changes. Preliminary estimate for 2005.

SOURCE: KCMU Analysis of CMS Form 64 Data for Historic Medicaid Growth Rates and KCMU / HMA Survey for 2005 Medicaid Growth Estimates; Analysis by the Rockefeller Institute of Government for State Tax Revenue.

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Figure 25

States Undertaking New Medicaid Cost Containment Strategies FY 2004 – FY 2006



NOTE: Past survey results indicate not all adopted actions are implemented.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003, October 2004 and October 2005.

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Figure 26

Emerging Strategies for Medicaid

- New authority through budget reconciliation to alter benefits and cost sharing
- Continued pursuit of Section 1115 waivers that include:
 - Different benefit packages for different groups
 - Subsidies for private coverage with no benefit or cost sharing standards
 - More limited benefits and higher cost sharing than allowed under current law
- New models of Medicaid emerging in states, including:
 - Consumer choice and market competition through defined contribution approaches (e.g., Florida)
 - Global financing cap with increased state flexibility (e.g., Vermont)
 - Restrictions on state financing arrangements and creation of uncompensated care pools (e.g., Massachusetts, California, Florida, Iowa)

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Figure 27

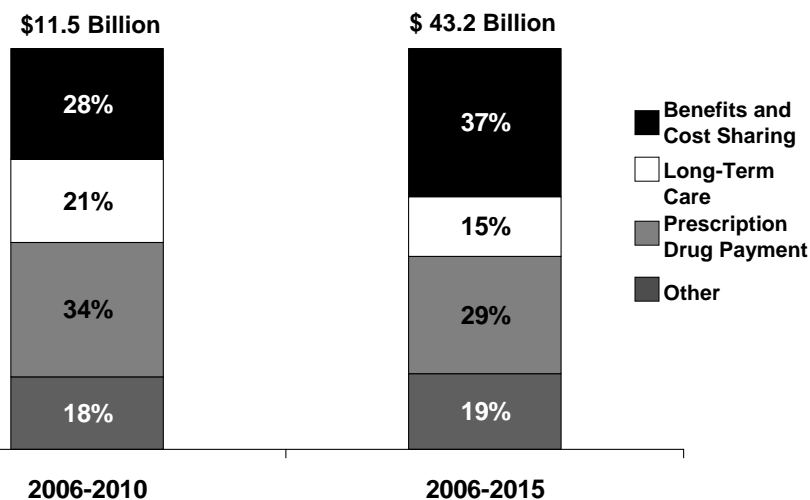
Medicaid Budget Reconciliation Legislation Recently Passed by Congress

- **Savings Provisions in DRA (\$11.6B)**
 - Premiums and cost sharing (\$1.9B)
 - Benefit flexibility (\$1.3B)
 - Prescription drug payment reform – pricing and rebates (\$3.9B)
 - Reforms to asset transfer laws (\$2.4B)
 - Other Changes (\$2.1B)
- **Spending Provisions in DRA (\$6.8B)**
 - Katrina-related assistance to affected states (\$2.1B)
 - Home and community-based services (\$1.1B)
 - Family Opportunity Act (\$1.5B)
 - Health Opportunity Accounts (\$64M)
 - Cash and counseling (\$100M)
 - TMA and abstinence education (\$760M)
 - Medicaid integrity (\$529M)
 - Other (\$536M)

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Figure 28

Medicaid Spending Reductions in the Deficit Reduction Act by Category

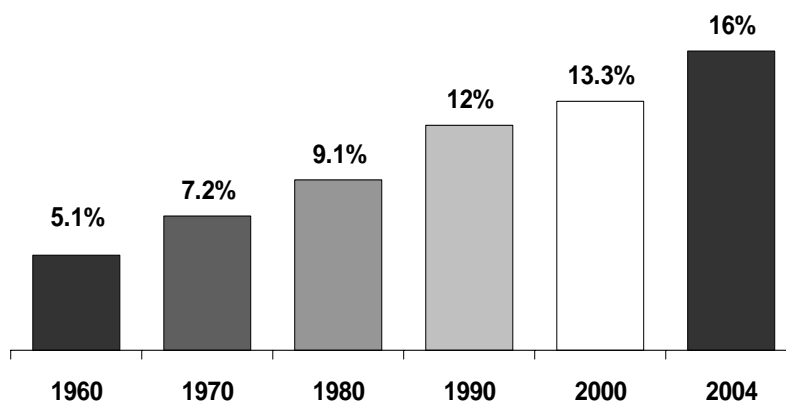


Note: "Other" provisions in the conference report include targeted case management, third-party recovery, provider taxes, and requiring evidence of citizenship
 SOURCE: CBO, January 27, 2006

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Figure 29

Health Spending as Percent of GDP



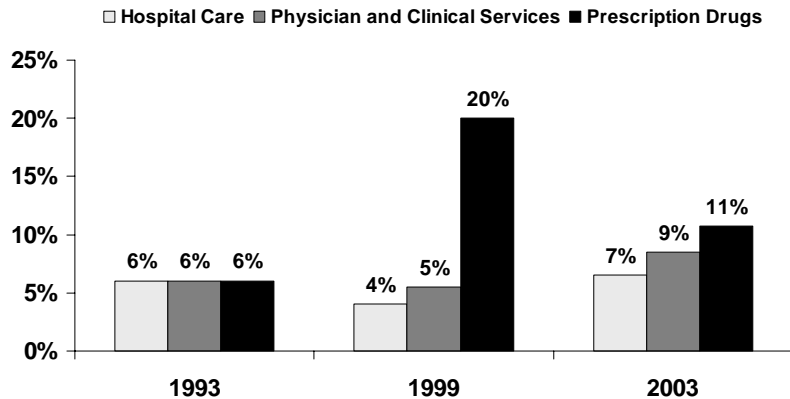
Source: CMS, national health accounts, various years.

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Figure 30

Change in Selected National Health Expenditures, 1993-2003

(Annual Percent Change)



SOURCE: Centers for Medicare and Medicaid Services, National Health Accounts data.

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Figure 31

Reform Themes In Overall Health System

- Disease Management/Chronic Care Coordination
- Information Technology/Electronic Health Records
- Pay for Performance
- Consumer-Driven Care

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Figure 32

Challenges for the Future

- **Problem growing**
 - Employer coverage erosion
 - Incomes shifting downward
 - Medicaid cutbacks
- **Costs rising**
 - Increasing health costs
 - Rising premiums
- **Public resources limited**
 - Federal deficits
 - State budget crunch
- **No consensus on reform strategy**

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